

AMENDED IN SENATE APRIL 21, 2003

SENATE BILL

No. 407

Introduced by Senator Torlakson

February 20, 2003

An act to amend Section 11005 of the Revenue and Taxation Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 407, as amended, Torlakson. Local government financing.

Under existing law, the Controller is required to allocate vehicle license fee revenues to in the Motor Vehicle License Fee Account to cities, counties, and cities and counties, in the amounts determined under a specified formula. Existing law provides that these allocations are to be made on a monthly basis. *requires these allocations be made based on the proportion that the population of each city, county, or city and county bears to the total population of all cities, counties, and cities and counties in the state, as determined by the population research unit of the Department of Finance.*

~~This bill would provide that the allocations are to be made on a quarterly basis.~~ *instead, specify that these population determinations be made by the Demographic Research Unit of the Department of Finance.*

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ *no*. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11005 of the Revenue and Taxation
- 2 Code is amended to read:

1 11005. (a) After payment of refunds therefrom and after
2 making the deductions authorized by Section 11003 and reserving
3 the amount determined necessary by the Pooled Money
4 Investment Board to meet the transfers ordered or proposed to be
5 ordered pursuant to Section 16310 of the Government Code,
6 commencing with the 1989–90 fiscal year, the Controller shall
7 deduct ~~that~~ *the* amount that is necessary to make the allocation
8 provided for in subdivision (j) of Section 98.02. Eighty-one and
9 one-quarter percent of the balance of all motor vehicle license fees
10 and any other money appropriated by law for expenditure pursuant
11 to this section and deposited to the credit of the Motor Vehicle
12 License Fee Account in the Transportation Tax Fund and
13 remaining unexpended therein at the close of business on the last
14 day of ~~each calendar quarter~~ *the calendar month* shall be allocated
15 by the Controller by the 10th day of the following ~~calendar quarter~~
16 *month* in the manner provided by subdivisions (c) and (d).

17 (b) Eighteen and three-quarters percent of the balance shall be
18 allocated, as follows:

19 (1) (A) Commencing with the 1988–89 fiscal year, the
20 Controller shall allocate to each city that existed but did not levy
21 a property tax in the 1977–78 fiscal year, other than for
22 voter-approved indebtedness, an amount equal to the total amount
23 that each of those cities would have received in that fiscal year
24 pursuant to Section 25761 of the Business and Professions Code,
25 Section 4306 of the Public Utilities Code, and Section 26483 of
26 this code, as if those sections were operative in that fiscal year in
27 the form in which they existed on June 1, 1981. For each fiscal year
28 thereafter, the Controller shall increase the amount for each city
29 computed pursuant to this paragraph by the percent by which the
30 revenue to the Motor Vehicle License Fee Account increased over
31 the revenue for the previous fiscal year.

32 (B) (i) For each fiscal year following the 1988–89 fiscal year
33 in which a city subject to subparagraph (A) receives a distribution
34 of property tax revenue pursuant to Section 97.35, 97.37, or 97.38,
35 the amount to be allocated to the city pursuant to subparagraph (A)
36 shall be reduced by the amount of the distribution made pursuant
37 to those sections.

38 (ii) No allocation shall be made to a city pursuant to
39 subparagraph (A) in the first fiscal year in which the amount
40 distributed to a city pursuant to Section 97.35, 97.37, or 97.38

1 equals or exceeds the amount that would have been allocated to
2 that city pursuant to subparagraph (A) or in any fiscal year
3 thereafter.

4 (iii) Any amount not allocated to a city pursuant to
5 subparagraph (A) as a result of the operation of this subparagraph
6 shall be allocated to eligible cities in accordance with clause (iv).

7 (iv) Commencing with the 1989–90 fiscal year, the Controller
8 shall allocate the amount determined in clause (iii) for each fiscal
9 year to each eligible city in the proportion that the population of
10 each eligible city bears to total population of all eligible cities.

11 For purposes of this clause, “eligible city” means any city that
12 incorporated prior to June 5, 1987, and had an amount of property
13 tax revenue allocated to it pursuant to subdivision (a) of Section
14 97 in the 1987–88 fiscal year that is less than 10 percent of the
15 amount of property tax revenue computed for the 1987–88 fiscal
16 year in accordance with the method described in subdivision (c) of
17 Section 97.35.

18 The auditor shall notify the Controller of his or her
19 determination of those cities within the county ~~which~~ that are
20 eligible cities.

21 (2) Each ~~quarter~~ month the Controller shall allocate the
22 remainder of the amount determined pursuant to this subdivision
23 to counties and cities and counties in an amount for each county
24 and city and county equal to the revenue received in the 1982–83
25 fiscal year pursuant to former Section 16111, subdivision (c) of
26 former Section 16113, and former Section 16113.7 of the
27 Government Code. These amounts shall be determined by the
28 Controller with the concurrence of the Director of Finance. The
29 Controller shall allocate any remaining amount determined
30 pursuant to this subdivision to counties and cities and counties in
31 the proportion that the population of each county or city and
32 county bears to the total population of all the counties and cities
33 and counties of the state, as determined pursuant to subdivision
34 (d).

35 (c) Fifty percent of the payments required by subdivision (a)
36 shall be paid to the cities and cities and counties of this state in the
37 proportion that the population of each city or city and county bears
38 to the total population of all cities and cities and counties in this
39 state, as determined by the ~~population research unit~~ *Demographic*
40 *Research Unit* of the Department of Finance. For the purpose of

1 this subdivision, the population of each city or city and county is
2 that determined by the last federal decennial or special census, or
3 a subsequent census validated by the ~~population research unit~~
4 *Demographic Research Unit* or subsequent estimate prepared
5 pursuant to Section 2107.2 of the Streets and Highways Code. In
6 the case of a city incorporated subsequent to the last federal census,
7 or a subsequent census validated by the ~~population research unit~~,
8 ~~the population research unit shall determine the~~ *Demographic*
9 *Research Unit, the Demographic Research Unit shall determine*
10 *the population of the city. In the case of unincorporated territory*
11 *being annexed to a city subsequent to the last federal census, or a*
12 *subsequent census validated by the population research unit, the*
13 ~~population research unit~~ *Demographic Research Unit, the*
14 *Demographic Research Unit shall determine the population of the*
15 *annexed territory by the use of any federal decennial or special*
16 *census, or estimate prepared pursuant to Section 2107.2 of the*
17 *Streets and Highways Code. In the case of the consolidation of one*
18 *city with another subsequent to the last federal census, or a*
19 *subsequent census validated by the population research unit*
20 *Demographic Research Unit, the population of the consolidated*
21 *city, for the purpose of this subdivision, is the aggregate population*
22 *of the respective cities as determined by the last federal census, or*
23 *a subsequent census or estimate validated by the population*
24 ~~research unit~~ *Demographic Research Unit.*

25 (d) Fifty percent of the payments required by subdivision (a)
26 shall be paid to the counties and cities and counties of the state in
27 the proportion that the population of each county or city and
28 county bears to the total population of all the counties and cities
29 and counties of the state, as determined by the ~~population research~~
30 ~~unit~~ *Demographic Research Unit*. For the purpose of this
31 subdivision, the population of each county or city and county is
32 that determined by the last federal census, or subsequent census
33 validated by the ~~population research unit~~ *Demographic Research*
34 *Unit, or as determined by Section 11005.6.*

35 (e) Money disbursed by the Controller to cities and counties
36 pursuant to this section may be used for county or city purposes
37 and may, but need not necessarily, be used for purposes of general
38 interest and benefit to the state.

39 (f) Population changes based on a federal special census or a
40 subsequent census validated by the Department of Finance shall be

1 accepted by the Controller only if certified to him *or her* at the
2 request of the city, city and county, or county for which the census
3 was made and shall become effective on the first day of the ~~quarter~~
4 *month* following receipt of the certification.

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